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**KEN VAUGHAN**  
Chairman / President / CEO

September 21, 2005

Federal Deposit Insurance Corporation  
San Francisco Regional Office  
Director John F. Carter  
25 Jessie Street at Ecker Square  
Suite 2300  
San Francisco, CA 94105

2005 SEP 26 AM 11:44

Dear Director Carter:

I have discussed with my Board of Directors, Advisory Board and my employees and they all agree that the application by Wal-Mart Stores, Inc. to charter an industrial loan company in Utah should be rejected. By approving this application you are breaking the barrier between banking and commerce which has played an integral part in the safety and soundness of the banking system.

Wal-Mart has tried on a number of occasions to enter the banking industry. Each time they have been turned down. In 1998, Congress stopped Wal-Mart from entering my industry by passing the Gramm-Leach-Bliley Act of 1999.

Now Wal-Mart is saying their business plan for the ILC is to provide back office processing of credit cards, debit cards, and electronic check transactions. They do not want to pay for a service of the banking industry that every other business has to pay for. They are the world's largest company with over \$290 billion in revenue. They can afford the cost of processing just like my other customers. Would you approve an ILC for every commercial business in America? I don't think so.

If approved, it would not be long before Wal-Mart would change its strategy and try to install a bank in all their 3600 U.S. retail stores. Being realistic, would they make a loan to a sporting goods store, pharmacy, grocery store, etc... that is going to compete with them? If they did, how long would the new business last competing with Wal-Mart?

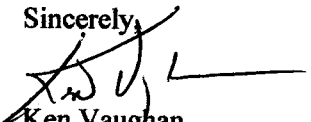
Next, when this happens they drive the driving force of communities, which create many jobs, community banks, out of business.

Finally, they become so big that they become "too big to fail" putting more pressure on the FDIC and the government of this great country. Washington does not need this additional weight over its head. Washington has enough pressure at the present time with the war in Iraq, terrorists, the economy, and now rebuilding the cities that fell victim to the hurricane. Wal-Mart is only interested in itself. Look at the top ten billionaires in this country, who do you find? They can afford to pay for the processing if the rest of my commercial customers can, none of them are on the top ten list.

Please think of the American people who depend on community banks when making this crucial decision.

Thank you for your time and consideration.

Sincerely,



Ken Vaughan,  
Chairman/President/CEO  
FirstState Bank

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